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The Director - Investigations 4  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

### **Dumping investigation into concrete underlay film from Malaysia**

Dear Director,

This submission is made on behalf of LCM General Products Pty Ltd trading as Cromford Film (Cromford), to the current dumping investigation into concrete underlay film exported from Malaysia (Investigation 554). The submission presents Cromford's view on the appropriate method for establishing the unsuppressed selling price relevant to Malaysian exports.

#### **Cromford's proposed USP**

It is noted and accepted that the Commission will generally derive the NIP from an unsuppressed selling price (USP), which reflects a selling price that Cromford and the Australian industry could be reasonably expected to achieve in a market unaffected by dumping. The Commission's preferred method for establishing the USP is the industry's actual selling prices in a period unaffected by dumping, or alternatively, a constructed selling price based on the industry's cost to make and sell plus a reasonable profit.

Cromford has assessed the immediate periods prior to the investigation period to consider whether its selling prices were suitable for establishing the USP. Unfortunately, Cromford can confirm that its selling prices were affected by dumped imports in those earlier periods, given that the Australian market has been influenced by Malaysian imports for a number of years.

Whilst detailed selling prices are not available prior to Martogg's acquisition of Cromford in 2017, Cromford has access to some customer price lists from 2014 showing selling prices of various products including like goods (**confidential attachment 1**). The price lists show that black medium and high impact underlay film were offered for sale at A\$ [REDACTED] and A\$ [REDACTED] per

roll respectively<sup>1</sup>. This compares to equivalent unit selling prices during the investigation period of A\$ [REDACTED] and A\$ [REDACTED] per roll respectively, representing approximately a [REDACTED]% discount.

Whilst the submitted price list provides only a historic snapshot of prices to a single customer, it provides a valuable benchmark for prices expected to be achieved in a market unaffected by dumping. Although Cromford acknowledges that this sole price list would be insufficient for establishing the USP. Hence, Cromford has assessed and considered contemporary selling prices for identifying a suitable rate of profit for construction of the USP.

Cromford has observed that following the initiation of the investigation, the volume of subject imports from Malaysia has significantly reduced. It is reasonable to conclude that the prospect of provisional measures and uncertainty surrounding the exporter margins of dumping, has caused importers to suspend and/or curtail their import purchases in the interim. In addition to the reduced import volumes, Cromford also notes that importers which have continued to import and supply the Australian market with the subject imports, have revealed significant increases to their selling prices since the end of 2020.

The higher selling prices for subject imports from Malaysia inevitably led to imports being less competitive on price relative to Cromford's largely unchanged market price offers. As a result, Cromford experienced an increase in sales volumes as customers that had previously sourced Malaysian imports, switched their purchases to Cromford due to the smaller price differential.

The table<sup>2</sup> below highlights Cromford's increase in sales volumes in the first half of 2021 compared with the same period in 2020, which covers the second half of the investigation period. It shows that Cromford's sales of black medium and high impact films increased by [REDACTED]% when comparing the first half of 2020 and 2021.

[CONFIDENTIAL TABLE REDACTED]

Further, the table below shows that the increasing trend in Cromford's sales has continued into the most recent months, noting that August sales have not yet been completed. It shows that sales weight of black medium and high impact films increased by [REDACTED]% and [REDACTED]% respectively, compared to the same period in 2020.

[CONFIDENTIAL TABLE REDACTED]

Therefore, the current market conditions in 2021 depict a more genuine example of a market unaffected by dumping, with import volumes and selling prices of subject imports being more indicative of fair market price offers. These current market conditions have allowed Cromford to announce a [REDACTED]% increase on its current selling prices of medium and high impact black film, effective from September 2021.

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<sup>1</sup> Relates to film rolls of 4m x 200um x 50m

<sup>2</sup> Data contained in **Confidential attachment 2**.

By adjusting the sales values for medium and high black film for the period covering June - August 2021, Cromford is able to estimate its expected gross margin on sales that reflect the ■% announced price increases. The table below shows that the gross margin on black medium and high impact film to be ■% and ■% respectively. This compares to the gross margins from the Commission's verified industry report for the investigation period, of ■% and ■% respectively.

[CONFIDENTIAL TABLE REDACTED]

So, in the absence of a contemporary earlier period in which it can be confirmed that selling prices were unaffected by dumping, Cromford submits that the gross margin expected to be achieved following its announced ■% price increase on sales from September 2021, provides an accurate estimate of the gross margin that the Australian industry could reasonably be expected to achieve in a market unaffected by dumping.

After applying the calculated gross margins of ■% and ■% to Cromford's verified cost to make and sell data for the investigation period contained in appendices A6.1<sup>3</sup>, it shows that the rates of profit that Cromford could reasonably have achieved in the absence of dumped imports from Malaysia, is ■% and ■% for black medium and black high impact film respectively.

Therefore, Cromford proposes that the appropriate method for establishing the USP is by reference to Cromford's cost to make and sell during the investigation period, plus the calculated rates of profit achieved on sales during June-August 2021 after adjusting for the announced ■% price increase.

Yours sincerely

John Bracic

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<sup>3</sup> Data contained in Confidential attachment 3.